



ANNUAL STATEMENT
For the Year Ending December 31, 2008
OF THE CONDITION AND AFFAIRS OF THE
McLAREN HEALTH PLAN, INC

NAIC Group Code	0000 (Current Period)	0000 (Prior Period)	NAIC Company Code	95848	Employer's ID Number	383383640
Organized under the Laws of	Michigan		State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[] Dental Service Corporation[] Other[]		Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[] No[X] N/A[]		Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[X]	
Incorporated/Organized	09/12/1997		Commenced Business	08/01/1998		
Statutory Home Office	G-3245 Beecher Rd. (Street and Number)		FLINT, MI 48532 (City or Town, State and Zip Code)			
Main Administrative Office			G-3245 Beecher Rd. (Street and Number)			
	FLINT, MI 48532 (City or Town, State and Zip Code)		(810)733-9723 (Area Code) (Telephone Number)			
Mail Address	G-3245 Beecher Rd. (Street and Number or P.O. Box)		FLINT, MI 48532 (City or Town, State and Zip Code)			
Primary Location of Books and Records			G-3245 Beecher Rd. (Street and Number)			
	FLINT, MI 48532 (City or Town, State and Zip Code)		(810)733-9723 (Area Code) (Telephone Number)			
Internet Website Address	www.mclarenhealthplan.org					
Statutory Statement Contact	CHERYL WESTOBY (Name)		(810)733-9723 (Area Code)(Telephone Number)(Extension)			
	cherylwe@mclaren.org (E-Mail Address)		(810)733-9652 (Fax Number)			

OFFICERS

Name	Title
KATHY KENDALL	President
TOM DONALDSON	Chairman
DON KOOY	Secretary
DENNIS KRZEMINSKI	Treasurer

OTHERS

CAROL SOLOMON, Chief Financial Officer

DIRECTORS OR TRUSTEES

KATHY KENDALL TOM DONALDSON DENNIS KRZEMINSKI KEVIN TOMPKINS DENNIS LAFOREST #	DON KOOY RONALD SHAHEEN D.O. BRENDA KAISER CONNIE BAILEY
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State of Michigan
County of Genesee ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature) KATHY KENDALL	(Signature) DENNIS KRZEMINSKI	(Signature) CAROL SOLOMON
(Printed Name) 1. President	(Printed Name) 2. Treasurer	(Printed Name) 3. Chief Financial Officer
(Title)	(Title)	(Title)

Subscribed and sworn to before me this	a. Is this an original filing?	Yes[X] No[]
day of , 2009	b. If no,	
	1. State the amendment number	
	2. Date filed	
	3. Number of pages attached	

(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D)				
2.	Stocks (Schedule D)				
2.1	Preferred stocks				
2.2	Common Stocks	7,372,967	135,973	7,236,994	8,799,172
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$.....0 encumbrances)	2,642,756		2,642,756	2,594,354
4.2	Properties held for the production of income (less \$.....0 encumbrances)				
4.3	Properties held for sale (less \$.....0 encumbrances)				
5.	Cash (\$.....73,328,072 Schedule E Part 1), cash equivalents (\$.....0 Schedule E Part 2) and short-term investments (\$.....1,211,192 Schedule DA)	74,539,264		74,539,264	52,358,106
6.	Contract loans (including \$.....0 premium notes)				
7.	Other invested assets (Schedule BA)				
8.	Receivables for securities				
9.	Aggregate write-ins for invested assets	1,043,822	993,100	50,722	33,501
10.	Subtotals, cash and invested assets (Lines 1 to 9)	85,598,809	1,129,073	84,469,736	63,785,133
11.	Title plants less \$.....0 charged off (for Title insurers only)				
12.	Investment income due and accrued	120,834		120,834	219,471
13.	Premiums and considerations				
13.1	Uncollected premiums and agents' balances in the course of collection	161,000		161,000	117,990
13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums)				
13.3	Accrued retrospective premiums				
14.	Reinsurance:				
14.1	Amounts recoverable from reinsurers	174,723		174,723	79,990
14.2	Funds held by or deposited with reinsured companies				
14.3	Other amounts receivable under reinsurance contracts				
15.	Amounts receivable relating to uninsured plans				
16.1	Current federal and foreign income tax recoverable and interest thereon				
16.2	Net deferred tax asset				
17.	Guaranty funds receivable or on deposit				
18.	Electronic data processing equipment and software	65,699	24,534	41,165	27,456
19.	Furniture and equipment, including health care delivery assets (\$.....0)	196,998	196,998		
20.	Net adjustment in assets and liabilities due to foreign exchange rates				
21.	Receivables from parent, subsidiaries and affiliates	1,118,802	4,569	1,114,232	418,527
22.	Health care (\$.....1,962,473) and other amounts receivable	1,979,312		1,979,312	1,914,540
23.	Aggregate write-ins for other than invested assets				
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	89,416,177	1,355,174	88,061,002	66,563,106
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26.	Total (Lines 24 and 25)	89,416,177	1,355,174	88,061,002	66,563,106
DETAILS OF WRITE-INS					
0901.	INTANGIBLE ASSET - THE WELLNESS PLAN	505,684	505,684		
0902.	INTANGIBLE ASSET - PHP	197,986	197,986		
0903.	OTHER INVESTED ASSETS	340,152	289,430	50,722	33,501
0998.	Summary of remaining write-ins for Line 9 from overflow page				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)	1,043,822	993,100	50,722	33,501
2301.	.....			
2302.	.....			
2303.	.....			
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)				

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....0 reinsurance ceded)	23,042,969		23,042,969	13,996,458
2.	Accrued medical incentive pool and bonus amounts	2,883,894		2,883,894	2,994,784
3.	Unpaid claims adjustment expenses	528,617		528,617	463,865
4.	Aggregate health policy reserves				
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserves				
7.	Aggregate health claim reserves				
8.	Premiums received in advance	1,079,792		1,079,792	753,986
9.	General expenses due or accrued	1,453,390		1,453,390	1,216,001
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))				
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others	25,725		25,725	26,262
13.	Remittances and items not allocated				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15.	Amounts due to parent, subsidiaries and affiliates	702,704		702,704	547,840
16.	Payable for securities				
17.	Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers)				
18.	Reinsurance in unauthorized companies				
19.	Net adjustments in assets and liabilities due to foreign exchange rates				
20.	Liability for amounts held under uninsured plans				
21.	Aggregate write-ins for other liabilities (including \$.....0 current)	1,390,270		1,390,270	5,812,079
22.	Total liabilities (Lines 1 to 21)	31,107,361		31,107,361	25,811,275
23.	Aggregate write-ins for special surplus funds	X X X	X X X		
24.	Common capital stock	X X X	X X X		
25.	Preferred capital stock	X X X	X X X		
26.	Gross paid in and contributed surplus	X X X	X X X	1,140,000	1,140,000
27.	Surplus notes	X X X	X X X		
28.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
29.	Unassigned funds (surplus)	X X X	X X X	55,813,641	39,611,831
30.	Less treasury stock, at cost:				
30.1	.....0 shares common (value included in Line 24 \$.....0)	X X X	X X X		
30.2	.....0 shares preferred (value included in Line 25 \$.....0)	X X X	X X X		
31.	Total capital and surplus (Lines 23 to 29 minus Line 30)	X X X	X X X	56,953,641	40,751,831
32.	Total Liabilities, capital and surplus (Lines 22 and 31)	X X X	X X X	88,061,002	66,563,106
DETAILS OF WRITE-INS					
2101.	PAYABLE FOR QAAP	1,252,027		1,252,027	1,260,677
2102.	HOSPITAL TRANSFER HRA/GME PAYABLE				4,472,850
2103.	ACCRUED PENSION	138,243		138,243	78,552
2198.	Summary of remaining write-ins for Line 21 from overflow page				
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above)	1,390,270		1,390,270	5,812,079
2301.	.....	X X X	X X X		
2302.	.....	X X X	X X X		
2303.	.....	X X X	X X X		
2398.	Summary of remaining write-ins for Line 23 from overflow page	X X X	X X X		
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X		
2801.	.....	X X X	X X X		
2802.	.....	X X X	X X X		
2803.	.....	X X X	X X X		
2898.	Summary of remaining write-ins for Line 28 from overflow page	X X X	X X X		
2899.	TOTALS (Lines 2801 through 2803 plus 2898) (Line 28 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X	799,137	720,822
2.	Net premium income (including \$.....0 non-health premium income)	X X X	205,249,824	166,379,014
3.	Change in unearned premium reserves and reserve for rate credits	X X X		
4.	Fee-for-service (net of \$.....0 medical expenses)	X X X		
5.	Risk revenue	X X X		
6.	Aggregate write-ins for other health care related revenues	X X X	(12,276,619)	(10,628,232)
7.	Aggregate write-ins for other non-health revenues	X X X		
8.	Total revenues (Lines 2 to 7)	X X X	192,973,205	155,750,783
Hospital and Medical:				
9.	Hospital/medical benefits		134,099,720	107,148,212
10.	Other professional services		2,212,255	2,231,745
11.	Outside referrals			
12.	Emergency room and out-of-area		8,908,360	7,315,517
13.	Prescription drugs		22,506,825	21,281,970
14.	Aggregate write-ins for other hospital and medical			
15.	Incentive pool, withhold adjustments and bonus amounts		2,513,635	2,699,690
16.	Subtotal (Lines 9 to 15)		170,240,796	140,677,134
Less:				
17.	Net reinsurance recoveries		571,342	112,845
18.	Total hospital and medical (Lines 16 minus 17)		169,669,453	140,564,289
19.	Non-health claims (net)			
20.	Claims adjustment expenses, including \$.....409,133 cost containment expenses		2,063,392	1,182,354
21.	General administrative expenses		6,534,075	5,772,672
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)			
23.	Total underwriting deductions (Lines 18 through 22)		178,266,920	147,519,314
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	14,706,285	8,231,468
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		1,543,621	2,734,943
26.	Net realized capital gains (losses) less capital gains tax of \$.....0		1,174	
27.	Net investment gains (losses) (Lines 25 plus 26)		1,544,796	2,734,943
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)]			
29.	Aggregate write-ins for other income or expenses			
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	16,251,081	10,966,412
31.	Federal and foreign income taxes incurred	X X X		
32.	Net income (loss) (Lines 30 minus 31)	X X X	16,251,081	10,966,412
DETAILS OF WRITE-INS				
0601.	OTHER HEALTH CARE RELATED REVENUE	X X X	9,003	34,214
0602.	QAAP TAX	X X X	(11,562,531)	(9,991,528)
0603.	MPCA	X X X	(723,091)	(670,918)
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X	(12,276,619)	(10,628,232)
0701.	.....	X X X		
0702.	.....	X X X		
0703.	.....	X X X		
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401.	.....		
1402.	.....		
1403.	.....		
1498.	Summary of remaining write-ins for Line 14 from overflow page			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901.	LOSS ON SALE OF EQUIPMENT			
2902.	.....		
2903.	.....		
2998.	Summary of remaining write-ins for Line 29 from overflow page			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	40,751,831	28,294,923
34.	Net income or (loss) from Line 32	16,251,081	10,966,412
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0	(513,549)	(20,427)
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax		
39.	Change in nonadmitted assets	410,996	1,075,805
40.	Change in unauthorized reinsurance		
41.	Change in treasury stock		
42.	Change in surplus notes		
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
44.1	Paid in		
44.2	Transferred from surplus (Stock Dividend)		
44.3	Transferred to surplus		
45.	Surplus adjustments:		
45.1	Paid in		
45.2	Transferred to capital (Stock Dividend)		
45.3	Transferred from capital		
46.	Dividends to stockholders		
47.	Aggregate write-ins for gains or (losses) in surplus	53,282	435,119
48.	Net change in capital and surplus (Lines 34 to 47)	16,201,809	12,456,908
49.	Capital and surplus end of reporting year (Line 33 plus 48)	56,953,640	40,751,831
DETAILS OF WRITE-INS			
4701.	CHANGES IN ADDITIONAL MINIMUM PENSION LIABILITY		435,119
4702.	PENSION-RELATED CHANGES OTHER THAN NET PERIODIC PENSION COST	53,282	
4703.	.....	
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)	53,282	435,119

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	205,779,140	166,935,326
2.	Net investment income	1,642,258	2,861,571
3.	Miscellaneous income	(12,290,101)	(10,621,561)
4.	Total (Lines 1 through 3)	195,131,298	159,175,337
5.	Benefit and loss related payments	160,879,855	142,033,146
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	7,416,113	5,407,821
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)		
10.	Total (Lines 5 through 9)	168,295,968	147,440,967
11.	Net cash from operations (Line 4 minus 10)	26,835,330	11,734,369
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds		
12.2	Stocks	750,753	
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments	160,036	
12.7	Miscellaneous proceeds	531,753	0
12.8	Total investment proceeds (Lines 12.1 to 12.7)	1,442,542	0
13.	Cost of investments acquired (long-term only):		
13.1	Bonds		
13.2	Stocks	1,015,938	7,698,786
13.3	Mortgage loans		
13.4	Real estate	208,438	
13.5	Other invested assets		
13.6	Miscellaneous applications	0	
13.7	Total investments acquired (Lines 13.1 to 13.6)	1,224,377	7,698,786
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	218,166	(7,698,786)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock		
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)	(4,872,337)	3,932,265
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(4,872,337)	3,932,265
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	22,181,158	7,967,849
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	52,358,106	44,390,257
19.2	End of year (Line 18 plus Line 19.1)	74,539,264	52,358,106

Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001		
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

		1	2	3	4	5	6	7	8	9	10
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1.	Net premium income	205,249,824	14,947,116						190,302,708		
2.	Change in unearned premium reserves and reserve for rate credit										
3.	Fee-for-service (net of \$.....0 medical expenses)										X X X
4.	Risk revenue										X X X
5.	Aggregate write-ins for other health care related revenues	(12,276,619)	(833,509)						(11,443,109)		X X X
6.	Aggregate write-ins for other non-health care related revenues		X X X	X X X	X X X	X X X	X X X	X X X		X X X	
7.	Total revenues (Lines 1 to 6)	192,973,205	14,113,607						178,859,599		
8.	Hospital/medical benefits	134,099,720	11,406,241						122,693,479		X X X
9.	Other professional services	2,212,255	155,687						2,056,569		X X X
10.	Outside referrals										X X X
11.	Emergency room and out-of-area	8,908,360	481,637						8,426,723		X X X
12.	Prescription drugs	22,506,825	1,696,759						20,810,067		X X X
13.	Aggregate write-ins for other hospital and medical										X X X
14.	Incentive pool, withhold adjustments and bonus amounts	2,513,635	265,914						2,247,721		X X X
15.	Subtotal (Lines 8 to 14)	170,240,796	14,006,238						156,234,558		X X X
16.	Net reinsurance recoveries	571,342	56,511						514,831		X X X
17.	Total hospital and medical (Lines 15 minus 16)	169,669,453	13,949,726						155,719,727		X X X
18.	Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X		X X X	
19.	Claims adjustment expenses including \$.....409,133 cost containment expenses	2,063,392	656,332						1,407,060		
20.	General administrative expenses	6,534,075	2,078,384						4,455,691		
21.	Increase in reserves for accident and health contracts										X X X
22.	Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X		X X X	
23.	Total underwriting deductions (Lines 17 to 22)	178,266,920	16,684,442						161,582,478		
24.	Net underwriting gain or (loss) (Line 7 minus Line 23)	14,706,285	(2,570,835)						17,277,121		
DETAILS OF WRITE-INS											
0501.	Other Health Care Related Revenue	9,003							9,003		X X X
0502.	QAAP TAX	(11,562,531)	(833,509)						(10,729,022)		X X X
0503.	MPCA	(723,091)							(723,091)		X X X
0598.	Summary of remaining write-ins for Line 5 from overflow page										X X X
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	(12,276,619)	(833,509)						(11,443,109)		X X X
0601.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698.	Summary of remaining write-ins for Line 6 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301.	.....										X X X
1302.	.....										X X X
1303.	.....										X X X
1398.	Summary of remaining write-ins for Line 13 from overflow page										X X X
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)										X X X

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

		1	2	3	4
		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
Line of Business					
1.	Comprehensive (hospital and medical)	15,266,604		319,488	14,947,116
2.	Medicare Supplement				
3.	Dental only				
4.	Vision only				
5.	Federal Employees Health Benefits Plan				
6.	Title XVIII - Medicare				
7.	Title XIX - Medicaid	190,586,146		283,438	190,302,708
8.	Other health				
9.	Health subtotal (Lines 1 through 8)	205,852,750		602,926	205,249,824
10.	Life				
11.	Property/casualty				
12.	TOTALS (Lines 9 to 11)	205,852,750		602,926	205,249,824

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	158,162,048	12,087,233						146,074,815		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	482,008	61,911						420,097		
1.4 Net	157,680,040	12,025,322						145,654,718		
2. Paid medical incentive pools and bonuses	2,571,784	108,580						2,463,204		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	23,042,969	3,123,171						19,919,798		
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	23,042,969	3,123,171						19,919,798		
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year	2,883,894	260,662						2,623,232		
6. Net healthcare receivables (a)	47,933							47,933		
7. Amounts recoverable from reinsurers December 31, current year	174,723							174,723		
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	13,996,458	1,527,457						12,469,001		
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	13,996,458	1,527,457						12,469,001		
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year	2,994,784	108,580						2,886,204		
11. Amounts recoverable from reinsurers December 31, prior year	79,990	25,127						54,862		
12. Incurred benefits:										
12.1 Direct	167,160,626	13,682,947						153,477,679		
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	576,742	36,784						539,958		
12.4 Net	166,583,885	13,646,163						152,937,722		
13. Incurred medical incentive pools and bonuses	2,460,894	260,662						2,200,232		

(a) Excludes \$.....0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	7,506,678	362,873						7,143,805		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	7,506,678	362,873						7,143,805		
2. Incurred but Unreported:										
2.1 Direct	15,536,291	2,760,297						12,775,994		
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	15,536,291	2,760,297						12,775,994		
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS										
4.1 Direct	23,042,969	3,123,171						19,919,798		
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	23,042,969	3,123,171						19,919,798		

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
Line of Business							
1.	Comprehensive (hospital and medical)	981,496	11,105,737		3,123,170	981,496	1,527,457
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan						
6.	Title XVIII - Medicare						
7.	Title XIX - Medicaid	11,132,607	134,942,208		19,919,799	11,132,607	12,469,001
8.	Other health						
9.	Health subtotal (Lines 1 to 8)	12,114,103	146,047,945		23,042,969	12,114,103	13,996,458
10.	Healthcare receivables (a)						
11.	Other non-health						
12.	Medical incentive pool and bonus amounts	2,571,784			2,883,894	2,571,784	2,994,784
13.	TOTALS (Lines 9 - 10 + 11 + 12)	14,685,887	146,047,945		25,926,863	14,685,887	16,991,242

(a) Excludes \$......0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2004	2 2005	3 2006	4 2007	5 2008
1.	Prior	7,490	7,490	7,490	7,490	7,490
2.	2004	48,876	60,863	60,863	60,863	60,863
3.	2005	X X X	75,125	91,135	91,135	91,135
4.	2006	X X X	X X X	84,034	98,347	98,347
5.	2007	X X X	X X X	X X X	124,176	138,862
6.	2008	X X X	X X X	X X X	X X X	146,048

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2004	2 2005	3 2006	4 2007	5 2008
1.	Prior	7,490	7,490	7,490	7,490	7,490
2.	2004	48,876	60,863	60,863	60,863	60,863
3.	2005	X X X	75,125	91,291	91,135	91,135
4.	2006	X X X	X X X	101,758	98,347	98,347
5.	2007	X X X	X X X	X X X	141,166	138,862
6.	2008	X X X	X X X	X X X	X X X	171,975

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2004	76,390	60,863	477	0.784	61,340	80.298			61,340	80.298
2.	2005	108,955	91,135	228	0.250	91,363	83.854			91,363	83.854
3.	2006	122,778	98,347	271	0.276	98,618	80.322			98,618	80.322
4.	2007	167,083	138,862	1,262	0.908	140,124	83.865			140,124	83.865
5.	2008	205,853	146,048	1,726	1.181	147,774	71.786	25,927	529	174,230	84.638

12 Total

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Hospital and Medical
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2004	2 2005	3 2006	4 2007	5 2008
1.	Prior .....	.....	.....	.....	.....	.....
2.	2004 .....	.....	.....	.....	.....	.....
3.	2005 .....	..... X X X .....	.....	.....	.....	.....
4.	2006 .....	..... X X X .....	..... X X X .....	..... 72 .....	..... 113 .....	..... 113
5.	2007 .....	..... X X X .....	..... X X X .....	..... X X X .....	..... 5,474 .....	..... 6,564
6.	2008 .....	..... X X X .....	..... X X X .....	..... X X X .....	..... X X X .....	..... 11,106

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2004	2 2005	3 2006	4 2007	5 2008
1.	Prior .....	.....	.....	.....	.....	.....
2.	2004 .....	.....	.....	.....	.....	.....
3.	2005 .....	..... X X X .....	.....	.....	.....	.....
4.	2006 .....	..... X X X .....	..... X X X .....	..... 188 .....	..... 113 .....	..... 113
5.	2007 .....	..... X X X .....	..... X X X .....	..... X X X .....	..... 7,109 .....	..... 6,564
6.	2008 .....	..... X X X .....	..... X X X .....	..... X X X .....	..... X X X .....	..... 14,490

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1.	2004 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
2.	2005 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
3.	2006 .....	..... 213 .....	..... 113 .....	.....	.....	..... 113 .....	..... 53.052 .....	.....	.....	..... 113 .....	..... 53.052
4.	2007 .....	..... 6,062 .....	..... 6,564 .....	..... 76 .....	..... 1.160 .....	..... 6,640 .....	..... 109.537 .....	.....	.....	..... 6,640 .....	..... 109.537
5.	2008 .....	..... 15,267 .....	..... 11,106 .....	..... 485 .....	..... 4.366 .....	..... 11,591 .....	..... 75.921 .....	..... 3,384 .....	..... 95 .....	..... 15,070 .....	..... 98.709

12 Hospital and Medical

12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare	NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2004	2 2005	3 2006	4 2007	5 2008
1.	Prior	7,490	7,490	7,490	7,490	7,490
2.	2004	48,876	60,863	60,863	60,863	60,863
3.	2005	X X X	75,125	91,135	91,135	91,135
4.	2006	X X X	X X X	83,962	98,234	98,234
5.	2007	X X X	X X X	X X X	118,702	132,298
6.	2008	X X X	X X X	X X X	X X X	134,942

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2004	2 2005	3 2006	4 2007	5 2008
1.	Prior	7,490	7,490	7,490	7,490	7,490
2.	2004	48,876	60,863	60,863	60,863	60,863
3.	2005	X X X	75,125	91,291	91,135	91,135
4.	2006	X X X	X X X	101,570	98,234	98,234
5.	2007	X X X	X X X	X X X	134,057	132,298
6.	2008	X X X	X X X	X X X	X X X	157,485

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2004	76,390	60,863	477	0.784	61,340	80.298			61,340	80.298
2.	2005	108,955	91,135	228	0.250	91,363	83.854			91,363	83.854
3.	2006	122,565	98,234	271	0.276	98,505	80.370			98,505	80.370
4.	2007	161,021	132,298	1,185	0.896	133,483	82.898			133,483	82.898
5.	2008	190,586	134,942	1,241	0.919	136,183	71.455	22,543	434	159,160	83.511

12 Title XIX-Medicaid

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other NONE

13 Underwriting Invest Exh Pt 2D - A & H Reserve NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1	2			
		Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$.....841,475 for occupancy of own building)				841,475	841,475
2.	Salaries, wages and other benefits	176,688	706,751	2,797,555		3,680,993
3.	Commissions (less \$.....0 ceded plus \$.....0 assumed)	28,817	115,266	456,262		600,345
4.	Legal fees and expenses	1,146	4,584	18,145		23,875
5.	Certifications and accreditation fees	3,966	15,865	62,799		82,631
6.	Auditing, actuarial and other consulting services	1,865	7,460	29,529		38,854
7.	Traveling expenses	900	3,599	14,246		18,745
8.	Marketing and advertising	30,727	122,909	486,516		640,153
9.	Postage, express and telephone	16,410	65,638	259,818		341,866
10.	Printing and office supplies	21,608	86,434	342,133		450,175
11.	Occupancy, depreciation and amortization	42,202	168,809	668,202		879,213
12.	Equipment	331	1,323	5,235		6,889
13.	Cost or depreciation of EDP equipment and software	2,143	8,572	33,930		44,644
14.	Outsourced services including EDP, claims, and other services	84,493	337,974	1,337,812		1,760,280
15.	Boards, bureaus and association fees					
16.	Insurance, except on real estate	1,383	5,531	21,893		28,807
17.	Collection and bank service charges					
18.	Group service and administration fees					
19.	Reimbursements by uninsured plans					
20.	Reimbursements from fiscal intermediaries					
21.	Real estate expenses				347,196	347,196
22.	Real estate taxes				7,155	7,155
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes					
23.2	State premium taxes					
23.3	Regulator authority licenses and fees					
23.4	Payroll taxes					
23.5	Other (excluding federal income and real estate taxes)					
24.	Investment expenses not included elsewhere					
25.	Aggregate write-ins for expenses					
26.	Total expenses incurred (Lines 1 to 25)	412,678	1,650,714	6,534,075	1,195,827	(a) 9,793,294
27.	Less expenses unpaid December 31, current year			1,453,390		1,453,390
28.	Add expenses unpaid December 31, prior year			1,216,001		1,216,001
29.	Amounts receivable relating to uninsured plans, prior year					
30.	Amounts receivable relating to uninsured plans, current year					
31.	Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30) ..	412,678	1,650,714	6,296,686	1,195,827	9,555,905
DETAILS OF WRITE-INS						
2501.	.....				
2502.	.....				
2503.	.....				
2598.	Summary of remaining write-ins for Line 25 from overflow page					
2599.	Totals (Lines 2501 through 2503 + 2598) (Line 25 above)					

(a) Includes management fees of \$.....0 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a).....	
1.1	Bonds exempt from U.S. tax	(a).....	
1.2	Other bonds (unaffiliated)	(a).....	
1.3	Bonds of affiliates	(a).....	
2.1	Preferred stocks (unaffiliated)	(b).....	
2.11	Preferred stocks of affiliates	(b).....	
2.2	Common stocks (unaffiliated)	271,491	263,386
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c).....	
4.	Real estate	(d)..... 1,104,693	1,104,693
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e)..... 1,673,620	1,531,405
7.	Derivative instruments	(f).....	
8.	Other invested assets		
9.	Aggregate write-ins for investment income		
10.	Total gross investment income	3,049,804	2,899,484
11.	Investment expenses		(g)..... 1,195,827
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13.	Interest expense		(h).....
14.	Depreciation on real estate and other invested assets		(i)..... 160,036
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		1,355,863
17.	Net Investment income (Line 10 minus Line 16)		1,543,621
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....
1501.	.....	.....	.....
1502.	.....	.....	.....
1503.	.....	.....	.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....	.....	.....
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above) .....	.....	.....
(a) Includes \$.0 accrual of discount less \$.0 amortization of premium and less \$.0 paid for accrued interest on purchases. (b) Includes \$.0 accrual of discount less \$.0 amortization of premium and less \$.0 paid for accrued dividends on purchases. (c) Includes \$.0 accrual of discount less \$.0 amortization of premium and less \$.0 paid for accrued interest on purchases. (d) Includes \$.841,475 for company's occupancy of its own buildings; and excludes \$.0 interest on encumbrances. (e) Includes \$.0 accrual of discount less \$.0 amortization of premium and less \$.0 paid for accrued interest on purchases. (f) Includes \$.0 accrual of discount less \$.0 amortization of premium. (g) Includes \$.0 investment expenses and \$.0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts. (h) Includes \$.0 interest on surplus notes and \$.0 interest on capital notes. (i) Includes \$.160,036 depreciation on real estate and \$.0 depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds					
1.1	Bonds exempt from U.S. tax					
1.2	Other bonds (unaffiliated)					
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)					
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)		1,174	1,174	(831,971)	
2.21	Common stocks of affiliates				318,422	
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments					
8.	Other invested assets					
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)		1,174	1,174	(513,549)	
DETAILS OF WRITE-INS						
0901.	.....	.....	.....	.....	.....	.....
0902.	.....	.....	.....	.....	.....	.....
0903.	.....	.....	.....	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....	.....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....	.....	.....	.....

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D)			
2.	Stocks (Schedule D):			
2.1	Preferred stocks			
2.2	Common stocks	135,973		(135,973)
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens			
3.2	Other than first liens			
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company			
4.2	Properties occupied for the production of income			
4.3	Properties held for sale			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6.	Contract loans			
7.	Other invested assets (Schedule BA)			
8.	Receivables for securities			
9.	Aggregate write-ins for invested assets	993,100	1,542,074	548,974
10.	Subtotals, cash and invested assets (Lines 1 to 9)	1,129,073	1,542,074	413,001
11.	Title plants (for Title insurers only)			
12.	Invested income due and accrued			
13.	Premium and considerations:			
13.1	Uncollected premiums and agents' balances in the course of collection			
13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due			
13.3	Accrued retrospective premiums			
14.	Reinsurance:			
14.1	Amounts recoverable from reinsurers			
14.2	Funds held by or deposited with reinsured companies			
14.3	Other amounts receivable under reinsurance contracts			
15.	Amounts receivable relating to uninsured plans			
16.1	Current federal and foreign income tax recoverable and interest thereon			
16.2	Net deferred tax asset			
17.	Guaranty funds receivable or on deposit			
18.	Electronic data processing equipment and software	24,534	42,934	18,400
19.	Furniture and equipment, including health care delivery assets	196,998	180,589	(16,410)
20.	Net adjustment in assets and liabilities due to foreign exchange rates			
21.	Receivables from parent, subsidiaries and affiliates	4,569	573	(3,996)
22.	Health care and other amounts receivable			
23.	Aggregate write-ins for other than invested assets			
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	1,355,174	1,766,170	410,996
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26.	Total (Lines 24 and 25)	1,355,174	1,766,170	410,996
DETAILS OF WRITE-INS				
0901.	INTANGIBLE ASSET - THE WELLNESS PLAN	505,684	1,179,929	674,245
0902.	INTANGIBLE ASSET - PHP	197,986	286,224	88,237
0903.	OTHER INVESTED ASSETS	289,430	75,922	(213,508)
0998.	Summary of remaining write-ins for Line 9 from overflow page			
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)	993,100	1,542,074	548,974
2301.	.....		
2302.	.....		
2303.	.....		
2398.	Summary of remaining write-ins for Line 23 from overflow page			
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)			

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations	58,937	60,488	62,027	63,537	64,484	745,926
2.	Provider Service Organizations						
3.	Preferred Provider Organizations						
4.	Point of Service	2,587	2,910	4,042	5,282	6,828	53,211
5.	Indemnity Only						
6.	Aggregate write-ins for other lines of business						
7.	TOTAL	61,524	63,398	66,069	68,819	71,312	799,137
DETAILS OF WRITE-INS							
0601.	.....					
0602.	.....					
0603.	.....					
0698.	Summary of remaining write-ins for Line 6 from overflow page						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

Notes to Financial Statement

McLaren Health Plan, Inc
December 31, 2008

1. Summary of Significant Accounting Policies

- A. The financial statements of McLaren Health Plan are presented on the basis of accounting practices prescribed or permitted by the Michigan Office of Financial and Insurance Services. The statements have been completed in accordance with NAIC Accounting Practices and Procedures Manual except to the extent that Michigan law differs.
- B. Preparation of financial statements in conformity with the Annual Statement Instructions and Accounting Practices and Procedures Manual requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Significant estimates exist relating to accrued health care costs. These estimates are actuarially determined and represent the Plan's best estimate of the level of claims to be paid applicable to 2008 or prior periods. Any future adjustments to these amounts will affect the reported results in the future periods.
- C. (1) Beginning with the 1st qtr 2008 report, short-term investments now includes the JPMorgan US Govt Mny Mkt Fd Capital that was previously listed under common stock on the 2007 annual statement.

Short-term investments are all highly liquid investments purchased with an original maturity of three months or less, are treated as cash equivalents. Stated at market value.

- (2) Bonds: None
- (3) Common Stock:

Equity Index Mutual Fund held with JPMorgan Chase, stated at fair market value.

Short Duration Mutual Bond Fund Ultra Class held with JPMorgan Chase, stated at fair market value.

- (4) Preferred Stock: None
- (5) Mortgage Loans: None
- (6) Loan-Backed Securities: None
- (7) Investments in Subsidiaries, Controlled and Affiliated Companies: The Plan is the Parent Corporation of Health Advantage, Inc., a licensed Michigan TPA. The Plan carries Health Advantage, Inc., at SSAP equity basis.
- (8) Investments in Joint Ventures, Partnerships, and Limited Liability Companies: None
- (9) Derivatives: None
- (10) Anticipated investment income is not a factor in the premium deficiency calculation.
- (11) Estimates of Liabilities for losses and loss/claim adjustment expenses are made by our independent actuary and are in accordance with accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principals, are based on actuarial assumptions relevant to contract provisions, and include appropriate provision for all actuarial terms that ought to be established.

Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss/lag reports, based on past experience, for losses incurred but not reported.

The methods for making such estimates and for establishing the resulting liability, are continually reviewed and any adjustments are reflected in the period determined.

- (12) Capitalization policy and the resultant predefined thresholds did not change from the prior period.

Notes to Financial Statement

- (13) Pharmaceutical rebates receivables are derived from actual confirmed receipts from the PBM.
2. Accounting Changes and Corrections of Errors

A. The investment in JPMorgan US Govt Mny Mkt Fd Capital was inappropriately classified on the 2007 annual statement as common stock. Beginning with the 1st qtr 2008, the investment is now listed as a short term investment.
3. Business Combinations and Goodwill

None
4. Discontinued Operations

None
5. Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans: None

B. Debt Restructuring: None

C. Reverse Mortgages: None

D. Loan-Backed Securities: None

E. Repurchase Agreements: None

F. Real Estate: None

G. Low-Income Housing Tax Credits (LIHTC): None
6. Joint Ventures, Partnerships and Limited Liability Companies

None
7. Investment Income

Non admitted / Excluded = None
8. Derivative Investments

None
9. Income Taxes

None (Plan was awarded tax-exempt status by the IRS beginning 1/1/2000)
10. Information Concerning Parent, Subsidiaries and Affiliates

A. McLaren Health Care Corporation (MHCC), a Michigan non-profit corporation and holding company of various health care entities, is the sole parent of McLaren Health Plan and provided to McLaren Health Plan Gross paid in and contributed surplus of \$1,140,000.

McLaren Regional Medical Center (MRMC).

Provider HealthNet Services (PHNS).

Health Advantage Inc. (HAI), a wholly owned subsidiary of McLaren Health Plan.

B. Transactions: None

C. Transactions: None

D. Due from Affiliates: \$1,114,232: amounts due from affiliate for administrative services and information system operations support. The amounts are settled monthly.

Due to Affiliates: \$702,704: amounts due to affiliate per contract for various administrative support, including personnel and information system operations support. The amounts are settled monthly.

E. Guarantees or undertakings: None

F. Management Agreements between:

1) McLaren Health Plan and McLaren Health Care Corporation: McLaren Health Care Corporation agrees to provide certain

Notes to Financial Statement

operational services and other resources to McLaren Health Plan:
\$609,781

- 2) McLaren Health Plan and MRMC: MRMC agrees to provide certain accounting / resource services to McLaren Health Plan: \$15,770
- 3) McLaren Health Plan and PHNS: PHNS agrees to provide certain information technology and telephony services to McLaren Health Plan: \$185,171
- 4) McLaren Health Plan and HAI: McLaren Health Plan agrees to provide certain operational, personnel services and other resources to HAI: \$4,303,672

- G. Control relationship: None
- H. Upstream/downstream activity: None
- I. Investment in SCA: None
- J. Investments in impaired SCA: None
- K. Investment in foreign insurance subsidiary: None
- L. Investment in downstream noninsurance holding company: None

11. Debt

None

12. Retirement Plans, Deferred Compensation, Post employment Benefits and Compensated Absences and Other Postretirement Benefit Plans

- A. Defined Benefit Plan
See D Below
- B. Defined Contribution Plans:
McLaren Health Plan employees hired on or after October 1, 2004 will be covered by a qualified defined contribution pension plan sponsored by McLaren Health Plan. Vesting period for contribution matching by McLaren Health Plan is 2 years. In 2008, the employer contribution was \$21,922.65.
- C. Multiemployer Plans: None
- D. Consolidated/Holding Company Plans:
McLaren Health Plan is a wholly owned subsidiary of McLaren Health Care Corporation, which sponsors a defined benefit pension plan covering substantially all of McLaren Health Plan employees whose employment began prior to Oct 1, 2004. The benefits under the plan are based on years of service and the employee’s termination of employment. The plan has no legal obligation for benefits under this plan. The funding policy is to contribute annually an amount in accordance with the standards of the Employee Retirement Income Security Act of 1974. Contributions are intended to provide not only the benefits attributed to services to date, but also those expected to be earned in the future. The Plan’s 2008 pension expense amount was \$159,522.
- E. Post employment Benefits and Compensated Absences: They are accrued.
- F. The impact of Medicare Moderization Act on Post Retirement Benefits are not reflected in the financial statements or accompanying notes.

13. Capital and Surplus, Shareholders’ Dividend Restrictions and Quasi-Reorganizations

- (1) Capital stock: None
- (2) Preferred stock: None
- (3) Dividend restrictions: The Commissioner (State of Michigan) shall consider the following factors regarding dividends:
 - (a.) The adequacy of the level of surplus as regards policyholders remaining after the dividend payment(s);
 - (b.) The quality of the Plan’s earnings and the extent to which the reported earnings include extraordinary items, such as surplus relief insurance transactions and reserve destrengthening;

Notes to Financial Statement

- (c.) The quality and liquidity of investments in subsidiaries;
- (d.) If the Commissioner determines that the Plan’s surplus as regards policyholders is not reasonable in relation to the Plan’s outstanding liabilities and is not adequate to its financial needs, the commissioner shall limit or disallow the payment of shareholder dividends.
- (e.) Dividends shall be declared or paid only from earned surplus, unless approved by the Commissioner.

- (4) Date and amount of dividends issued: None
- (5) Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- (6) Restrictions placed on surplus: None
- (7) Advances of surplus not paid: None
- (8) Amount of stock held for special purposes: None
- (9) Special surplus funds: None
- (10) Unassigned funds (surplus) represented or reduced: None
- (11) Surplus notes: None
- (12) Quasi-reorganization: None
- (13) Quasi-reorganization: None

- 14. Contingencies
 - A. Contingent Commitments: None
 - B. Assessments: None
 - C. Gain Contingencies: None
 - D. Claims related extra contractual obligations and bad faith losses stemming from lawsuits: None
 - E. All Other Contingencies
 - The Plan is susceptible to various legal actions related to Plan activities. Management is of the opinion that no litigation matters are outstanding or pending that will have a material effect on its financial position or results of operations.

- 15. Leases
 - None

- 16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk
 - None

- 17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities
 - A. Transfers of Receivables Reported as Sales. None.
 - B. Transfer and Servicing of Financial Assets. None
 - C. Wash Sales. None

- 18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans
 - None

- 19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators
 - None

- 20. Other Items
 - A. Extraordinary Items: None
 - B. Troubled Debt Restructuring: Debtors: None

Notes to Financial Statement

- C. Other Disclosures: None
- D. Balance uncollectible for assets covered by SSAP No. 6.: none
- E. Business Interruption Insurance Recoveries: None
- F. State Transferable Tax Credits: None
- G. Hybrid Securities: None.
- H. Subprime Mortgage Related Risk Exposure: None

21. Events Subsequent

The Plan had no events occurring subsequent to the close of the books or accounts for this statement that may have a material effect on the financial condition of the Plan.

22. Reinsurance

A. Ceded Reinsurance Report

Section 1-General Interrogatories

- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company? No.
- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business? No.

Section 2 - Ceded Reinsurance Report – Part A

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit? No.
- (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies? No.

Section 3 - Ceded Reinsurance Report – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of payment or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business in making this estimate. None.
- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement? No.

B. Uncollectible Reinsurance

None

C. Commutation of Ceded Reinsurance

None

23. Retrospectively Rated Contracts & Contracts Subject to Redetermination

None

24. Change in Incurred Claims and Claim Adjustment Expenses None

25. Intercompany Pooling Arrangements None

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE McLAREN HEALTH PLAN, INC

Notes to Financial Statement

26.

Structured Settlements

Not Applicable

27.

Health Care Receivables

Quarter	Estimated Rebate	Confirmed	90days	91-180 days	>180 days	Total received
12/31/2008	\$ 18,011.00					\$ -
9/30/2008	\$ -					\$ -
6/30/2008	\$ -			\$78,368.82		\$ 78,368.82
3/31/2008	\$ -			\$10,032.27	\$ 73,526.70	\$ 83,558.97
12/31/2007	\$ -		\$ -	\$ -	\$ 83,642.02	\$ 83,642.02
9/30/2007	\$ 36,412.00	\$ 36,412.00	\$ -	\$ -	\$ -	\$ -
6/30/2007	\$ 395,493.00	\$395,493.00	\$ -	\$ -	\$ 44,767.76	\$ 44,767.76
3/31/2007	\$ 395,493.00	\$395,493.00	\$ -	\$ -	\$104,715.82	\$ 104,715.82
12/31/2006	\$ 395,493.00	\$395,493.00	\$73,449.18	\$ -	\$ 85,502.04	\$ 158,951.22
9/30/2006	\$ 133,414.00	\$133,414.00	\$ -	\$ -	\$ 77,499.75	\$ 77,499.75
6/30/2006	\$ 133,414.00	\$133,414.00	\$ -	\$ -	\$163,996.58	\$ 163,996.58
3/31/2006	\$ 133,414.00	\$133,414.00	\$ -	\$ -	\$147,857.88	\$ 147,857.88
12/31/2005	\$ 133,414.00	\$133,414.00	\$ -	\$ -	\$ 71,717.77	\$ 71,717.77
9/30/2005	\$ 104,915.00	\$104,915.00	\$ -	\$ -	\$128,389.28	\$ 128,389.28
6/30/2005	\$ 104,915.00	\$104,915.00	\$ -	\$ -	\$122,950.04	\$ 122,950.04
3/31/2005	\$ 104,915.00	\$104,915.00	\$ -	\$ -	\$116,248.63	\$ 116,248.63

A.

Pharmaceutical Rebate Receivables

B.

Risk Sharing Receivables - None

28.

Participating Policies

None

29.

Premium Deficiency Reserves

None

30.

Anticipated Salvage and Subrogation

None

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes[X] No[] N/A[]
- 1.3 State Regulating? Michigan
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[] No[X]
- 2.2 If yes, date of change: 12/31/2007
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 10/28/2008
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 10/28/2008
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 10/28/2008
- 3.4 By what department or departments? MICHIGAN OFFICE OF FINANCIAL & INSURANCE REGULATION
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes[] No[] N/A[X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[X] No[] N/A[]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.11 sales of new business? Yes[] No[X]
4.12 renewals? Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.21 sales of new business? Yes[] No[X]
4.22 renewals? Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

Table with 3 columns: 1 Name of Entity, 2 NAIC Company Code, 3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes[] No[X]
- 7.2 If yes, 0.000%
7.21 State the percentage of foreign control
7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

Table with 2 columns: 1 Nationality, 2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

Table with 7 columns: 1 Affiliate Name, 2 Location (City, State), 3 FRB, 4 OCC, 5 OTS, 6 FDIC, 7 SEC

- 9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit? PLANTE AND MORAN LLP, 1111 MICHIGAN AVE. EAST LANSING MI 48823
- 10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification? JOHN VATAHA, ASA, MAAA ACTUARY CONSULTANT, 148 VERMEER DRIVE, LANGHORNE, PA 19053
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes[] No[X]
- 11.11 Name of real estate holding company
- 11.12 Number of parcels involved
- 11.13 Total book/adjusted carrying value \$ 0
- 11.2 If yes, provide explanation
- 12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes[] No[] N/A[X]
- 12.3 Have there been any changes made to any of the trust indentures during the year? Yes[] No[X] N/A[]

GENERAL INTERROGATORIES (Continued)

- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes[] No[] N/A[X]
- 13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes[X] No[]

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

c. Compliance with applicable governmental laws, rules and regulations;

d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e. Accountability for adherence to the code.

13.11 If the response to 13.1 is No, please explain:

13.2 Has the code of ethics for senior managers been amended?

Yes[] No[X]

13.21 If the response to 13.2 is Yes, provide information related to amendment(s).

13.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes[] No[X]

13.31 If the response to 13.3 is Yes, provide the nature of any waiver(s).
- BOARD OF DIRECTORS
14. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes[X] No[]

15. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes[X] No[]

16. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes[X] No[]
- FINANCIAL
17. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes[] No[X]

18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

18.11 To directors or other officers

\$ 0

18.12 To stockholders not officers

\$ 0

18.13 Trustees, supreme or grand (Fraternal only)

\$ 0

18.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

18.21 To directors or other officers

\$ 0

18.22 To stockholders not officers

\$ 0

18.23 Trustees, supreme or grand (Fraternal only)

\$ 0

19.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes[] No[X]

19.2 If yes, state the amount thereof at December 31 of the current year:

19.21 Rented from others

\$ 0

19.22 Borrowed from others

\$ 0

19.23 Leased from others

\$ 0

19.24 Other

\$ 0

20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes[] No[X]

20.2 If answer is yes:

20.21 Amount paid as losses or risk adjustment

\$ 0

20.22 Amount paid as expenses

\$ 0

20.23 Other amounts paid

\$ 0

21.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes[X] No[]

21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$ 1,114,232
- INVESTMENT
- 22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 22.3)

Yes[X] No[]

22.2 If no, give full and complete information, relating thereto:

22.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet, (an alternative is to reference Note 16 where this information is also provided)

22.4 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

Yes[] No[] N/A[X]

22.5 If answer to 22.4 is YES, report amount of collateral

\$ 0

22.6 If answer to 22.4 is NO, report amount of collateral

\$ 0

23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1 and 22.3).

Yes[] No[X]

23.2 If yes, state the amount thereof at December 31 of the current year:

23.21 Subject to repurchase agreements

\$ 0

23.22 Subject to reverse repurchase agreements

\$ 0

23.23 Subject to dollar repurchase agreements

\$ 0

23.24 Subject to reverse dollar repurchase agreements

\$ 0

23.25 Pledged as collateral

\$ 0

23.26 Placed under option agreements

\$ 0

23.27 Letter stock or securities restricted as to sale

\$ 0

23.28 On deposit with state or other regulatory body

\$ 0

23.29 Other

\$ 0

23.3 For category (23.27) provide the following:
- | 1 | 2 | 3 |
|-----------------------|-------------|--------|
| Nature of Restriction | Description | Amount |
| | | |
- 24.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes[] No[X]

24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes[] No[] N/A[X]

If no, attach a description with this statement.

25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes[] No[X]

25.2 If yes, state the amount thereof at December 31 of the current year.

\$ 0

26.1

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GENERAL INTERROGATORIES (Continued)

26. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, F - Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook?
- 26.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:
- Yes[X] No[]

1 Name of Custodian(s)	2 Custodian's Address
JPMORGAN CHASE BANK, NA	1111 POLARIS PARKWAY, COLUMBUS OH 43240

- 26.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....

- 26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year?
- 26.04 If yes, give full and complete information relating thereto:
- Yes[] No[X]

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....

- 26.05 Identify all investment advisers, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
.....

- 27.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?
- 27.2 If yes, complete the following schedule:
- Yes[] No[X]

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
27.2999 Total

- 27.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
.....

28. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds
28.2 Preferred stocks
28.3 Totals

- 28.4 Describe the sources of methods utilized in determining the fair values

- 29.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?
- 29.2 If no, list exceptions:
- Yes[X] No[]

OTHER

- 30.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?
- 30.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.
- \$..... 0

GENERAL INTERROGATORIES (Continued)

1 Name	2 Amount Paid
.....

31.1 Amount of payments for legal expenses, if any?

31.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

\$..... 23,875

1 Name	2 Amount Paid
PAYNE, PAYNE, BRODER & FOSSEE PC .....	..... 15,960

32.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?

32.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

\$..... 0

1 Name	2 Amount Paid
.....

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

- | | | |
|---|--------------|---|
| 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? | Yes[] No[X] | 0 |
| 1.2 If yes, indicate premium earned on U.S. business only: | \$ | 0 |
| 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? | \$ | 0 |
| 1.31 Reason for excluding: | | |
| 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. | \$ | 0 |
| 1.5 Indicate total incurred claims on all Medicare Supplement insurance. | \$ | 0 |
| 1.6 Individual policies - Most current three years: | | |
| 1.61 Total premium earned | \$ | 0 |
| 1.62 Total incurred claims | \$ | 0 |
| 1.63 Number of covered lives | ..... | 0 |
| All years prior to most current three years: | | |
| 1.64 Total premium earned | \$ | 0 |
| 1.65 Total incurred claims | \$ | 0 |
| 1.66 Number of covered lives | ..... | 0 |
| 1.7 Group policies - Most current three years: | | |
| 1.71 Total premium earned | \$ | 0 |
| 1.72 Total incurred claims | \$ | 0 |
| 1.73 Number of covered lives | ..... | 0 |
| All years prior to most current three years: | | |
| 1.74 Total premium earned | \$ | 0 |
| 1.75 Total incurred claims | \$ | 0 |
| 1.76 Number of covered lives | ..... | 0 |

2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator	205,258,827	166,379,014
2.2	Premium Denominator	205,258,827	166,379,014
2.3	Premium Ratio (2.1 / 2.2)	1.000	1.000
2.4	Reserve Numerator	25,926,863	16,991,242
2.5	Reserve Denominator	25,926,863	16,991,242
2.6	Reserve Ratio (2.4 / 2.5)	1.000	1.000

- | | | |
|-------|--|---------------------|
| 3.1 | Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? | Yes[] No[X] |
| 3.2 | If yes, give particulars: | |
| 4.1 | Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? | Yes[X] No[] |
| 4.2 | If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? | Yes[] No[X] |
| 5.1 | Does the reporting entity have stop-loss reinsurance? | Yes[X] No[] |
| 5.2 | If no, explain: | |
| 5.3 | Maximum retained risk (see instructions): | |
| 5.31 | Comprehensive Medical | \$ 196,500 |
| 5.32 | Medical Only | \$ 0 |
| 5.33 | Medicare Supplement | \$ 0 |
| 5.34 | Dental & Vision | \$ 0 |
| 5.35 | Other Limited Benefit Plan | \$ 0 |
| 5.36 | Other | \$ 0 |
| 6. | Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
ALL ABOVE TOPICS ARE INCLUDED IN ALL PROVIDER CONTRACTS WITH LANGUAGE APPROVED BY OFIR | |
| 7.1 | Does the reporting entity set up its claim liability for provider services on a service date base? | Yes[X] No[] |
| 7.2 | If no, give details: | |
| 8. | Provide the following information regarding participating providers: | |
| 8.1 | Number of providers at start of reporting year | 4,063 |
| 8.2 | Number of providers at end of reporting year | 5,898 |
| 9.1 | Does the reporting entity have business subject to premium rate guarantees? | Yes[] No[X] |
| 9.2 | If yes, direct premium earned: | |
| 9.21 | Business with rate guarantees between 15-36 months | 0 |
| 9.22 | Business with rate guarantees over 36 months | 0 |
| 10.1 | Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? | Yes[X] No[] |
| 10.2 | If yes: | |
| 10.21 | Maximum amount payable bonuses | \$ 0 |
| 10.22 | Amount actually paid for year bonuses | \$ 0 |
| 10.23 | Maximum amount payable withholds | \$ 2,883,894 |
| 10.24 | Amount actually paid for year withholds | \$ 54,411 |
| 11.1 | Is the reporting entity organized as: | |
| 11.12 | A Medical Group/Staff Model, | Yes[] No[X] |
| 11.13 | An Individual Practice Association (IPA), or, | Yes[] No[X] |
| 11.14 | A Mixed Model (combination of above)? | Yes[] No[X] |
| 11.2 | Is the reporting entity subject to Minimum Net Worth Requirements? | Yes[X] No[] |
| 11.3 | If yes, show the name of the state requiring such net worth.
MICHIGAN | |
| 11.4 | If yes, show the amount required. | \$ 12,265,384 |
| 11.5 | Is this amount included as part of a contingency reserve in stockholder's equity? | Yes[] No[X] |
| 11.6 | If the amount is calculated, show the calculation.
200% OF AUTHORIZED CONTROL LEVEL | |
| 12. | List service areas in which the reporting entity is licensed to operate: | |

1	
Name of Service Area	
ARENAC COUNTY	
BAY COUNTY	
CLINTON COUNTY	
CRAWFORD COUNTY	
EATON COUNTY	
INGHAM COUNTY	
GENESEE COUNTY	
GRATIOT COUNTY	

GENERAL INTERROGATORIES (Continued)

1
Name of Service Area
LAPEER COUNTY
OGEMAW COUNTY
OSCODA COUNTY
ROSCOMMON COUNTY
SAGINAW COUNTY
SHIAWASSEE COUNTY
TUSCOLA COUNTY
ISABELLA COUNTY
IONIA COUNTY
MACOMB COUNTY
OAKLAND COUNTY
MONTCALM COUNTY
WAYNE COUNTY

FIVE-YEAR HISTORICAL DATA

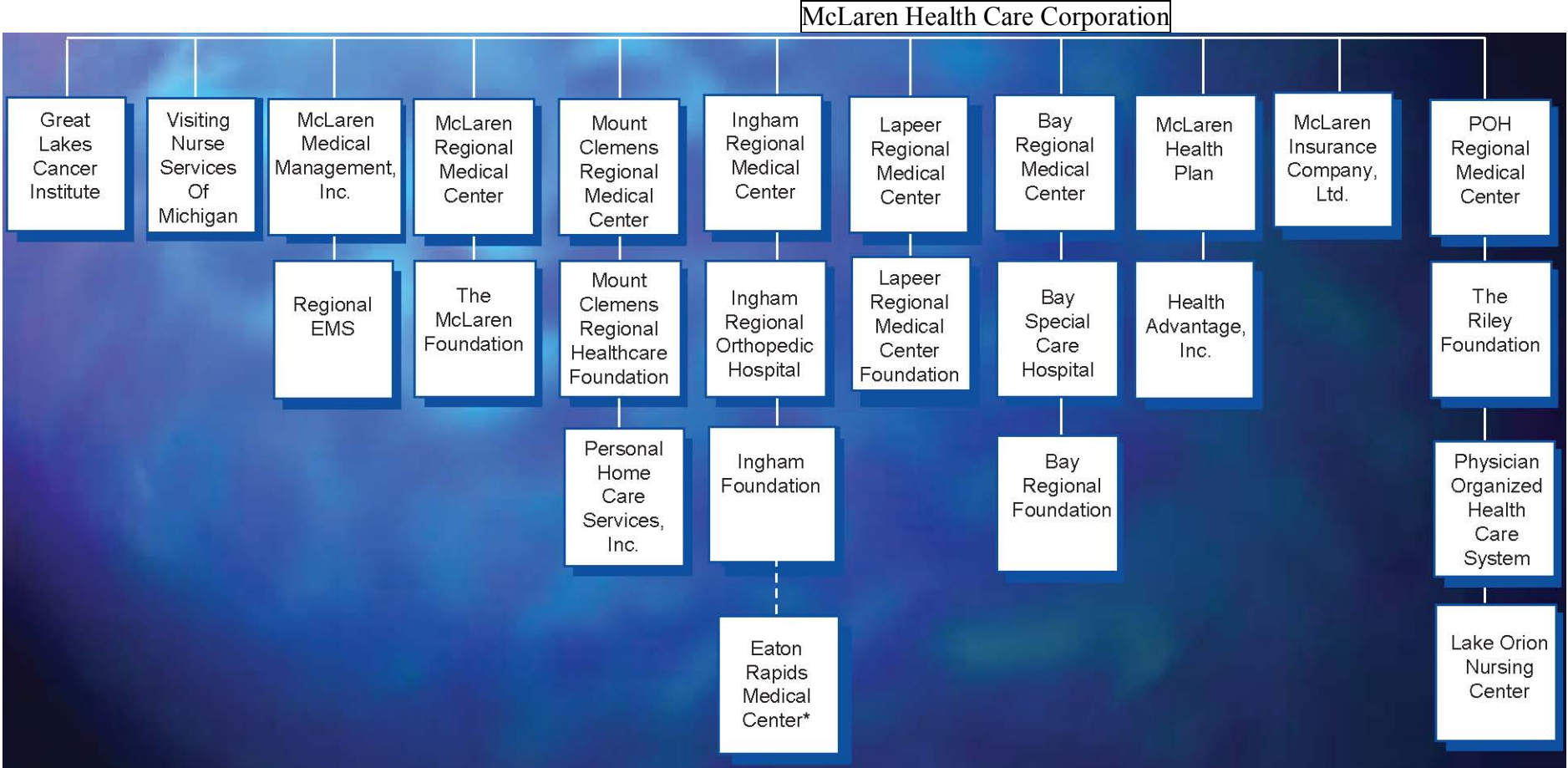
	1 2008	2 2007	3 2006	4 2005	5 2004
BALANCE SHEET (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	88,061,002	66,563,106	50,744,198	39,862,766	28,905,858
2. Total liabilities (Page 3, Line 22)	31,107,361	25,811,275	22,449,276	19,355,095	13,908,595
3. Statutory surplus	56,953,641	10,656,268	8,748,118	10,832,608	3,055,608
4. Total capital and surplus (Page 3, Line 31)	56,953,641	40,751,831	28,294,923	20,507,671	14,997,262
INCOME STATEMENT (Page 4)					
5. Total revenues (Line 8)	192,973,205	155,750,783	115,094,851	102,070,328	71,774,856
6. Total medical and hospital expenses (Line 18)	169,669,453	140,564,289	102,337,196	90,613,378	59,778,783
7. Claims adjustment expenses (Line 20)	2,063,392	1,182,354	200,344	207,240	477,436
8. Total administrative expenses (Line 21)	6,534,075	5,772,672	6,477,778	6,811,568	5,226,488
9. Net underwriting gain (loss) (Line 24)	14,706,285	8,231,468	6,079,533	4,438,142	6,292,149
10. Net investment gain (loss) (Line 27)	1,544,796	2,734,943	1,615,701	719,229	64,376
11. Total other income (Lines 28 plus 29)					(1,754)
12. Net income or (loss) (Line 32)	16,251,081	10,966,412	7,695,234	5,157,371	6,354,770
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	26,835,330	11,734,369	10,540,761	8,713,042	6,485,306
RISK-BASED CAPITAL ANALYSIS					
14. Total adjusted capital	56,953,641	40,751,831	28,294,923	20,507,671	14,997,262
15. Authorized control level risk-based capital	6,132,692	5,328,134	4,374,059	3,926,273	2,742,889
ENROLLMENT (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	71,312	61,524	56,307	52,530	46,495
17. Total members months (Column 6, Line 7)	799,137	720,822	663,627	610,505	435,119
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19) .	82.7	84.5	83.4	83.6	79.0
20. Cost containment expenses	0.2	0.1	0.0	0.0	
21. Other claims adjustment expenses	0.8	0.6	0.1	0.2	0.5
22. Total underwriting deductions (Line 23)	86.9	88.7	88.8	90.1	86.3
23. Total underwriting gain (loss) (Line 24)	7	5	5	4	8
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Column 5)	14,685,887	17,137,151	16,166,033	12,085,697	7,524,778
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	16,991,242	17,880,394	15,587,506	12,085,697	8,673,483
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 25, Column 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 39, Column 1)					
28. Affiliated common stocks (Sch. D Summary, Line 53, Column 1)	464,458	146,036			
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. Total of above Lines 26 to 31	464,458	146,036			

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS
ALLOCATED BY STATES AND TERRITORIES

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
State, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit - Type Contracts
1.	Alabama (AL)	N								
2.	Alaska (AK)	N								
3.	Arizona (AZ)	N								
4.	Arkansas (AR)	N								
5.	California (CA)	N								
6.	Colorado (CO)	N								
7.	Connecticut (CT)	N								
8.	Delaware (DE)	N								
9.	District of Columbia (DC)	N								
10.	Florida (FL)	N								
11.	Georgia (GA)	N								
12.	Hawaii (HI)	N								
13.	Idaho (ID)	N								
14.	Illinois (IL)	N								
15.	Indiana (IN)	N								
16.	Iowa (IA)	N								
17.	Kansas (KS)	N								
18.	Kentucky (KY)	N								
19.	Louisiana (LA)	N								
20.	Maine (ME)	N								
21.	Maryland (MD)	N								
22.	Massachusetts (MA)	N								
23.	Michigan (MI)	L	15,266,604		190,586,146				205,852,750	
24.	Minnesota (MN)	N								
25.	Mississippi (MS)	N								
26.	Missouri (MO)	N								
27.	Montana (MT)	N								
28.	Nebraska (NE)	N								
29.	Nevada (NV)	N								
30.	New Hampshire (NH)	N								
31.	New Jersey (NJ)	N								
32.	New Mexico (NM)	N								
33.	New York (NY)	N								
34.	North Carolina (NC)	N								
35.	North Dakota (ND)	N								
36.	Ohio (OH)	N								
37.	Oklahoma (OK)	N								
38.	Oregon (OR)	N								
39.	Pennsylvania (PA)	N								
40.	Rhode Island (RI)	N								
41.	South Carolina (SC)	N								
42.	South Dakota (SD)	N								
43.	Tennessee (TN)	N								
44.	Texas (TX)	N								
45.	Utah (UT)	N								
46.	Vermont (VT)	N								
47.	Virginia (VA)	N								
48.	Washington (WA)	N								
49.	West Virginia (WV)	N								
50.	Wisconsin (WI)	N								
51.	Wyoming (WY)	N								
52.	American Samoa (AS)	N								
53.	Guam (GU)	N								
54.	Puerto Rico (PR)	N								
55.	U.S. Virgin Islands (VI)	N								
56.	Northern Marianas Islands (MP)	N								
57.	Canada (CN)	N								
58.	Aggregate other alien (OT)	X X X								
59.	Subtotal	X X X	15,266,604		190,586,146				205,852,750	
60.	Reporting entity contributions for Employee Benefit Plans	X X X								
61.	TOTAL (Direct Business)	(a) ... 1	15,266,604		190,586,146				205,852,750	
DETAILS OF WRITE-INS										
5801.	.....	X X X								
5802.	.....	X X X								
5803.	.....	X X X								
5898.	Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

(a) Insert the number of L responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.:

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



*Non Asset Merger
Affiliation Only

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